



CALIFORNIA
DEPARTMENT OF
EDUCATION

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JACK O'CONNELL

State Superintendent of
Public Instruction

PHONE: (916) 319-0800

March 5, 2004

Dear County Superintendents of Schools, Auditors, and Treasurers:

2003-2004 FIRST PRINCIPAL APPORTIONMENT

County treasurers recently received a warrant that reflects state aid for programs included in the 2003-2004 First Principal Apportionment for elementary, high, and unified school districts, charter schools and county offices of education.

Enclosed are exhibits that provide First Principal Apportionment and prior-year corrections detail. An exhibit is distributed for a particular local educational agency (LEA) only if the exhibit is relevant to that LEA's funding. Also enclosed is a summary of the method by which the 2003-2004 First Principal Apportionment was calculated, a list of the exhibits, and a list of the staff of the School Fiscal Services Division to assist you if you have questions regarding the apportionment.

For your convenience, a copy of this letter, and most exhibits, are now available on the California Department of Education's (CDE's) School Fiscal Services Division (SFSD) Principal Apportionments Web site at http://www.cde.ca.gov/fiscal/principal_app/. Exhibits for the Special Education Apportionment are available on the CDE's SFSD Special Education Web site at http://www.cde.ca.gov/fiscal/special_ed/.

County superintendents of schools are requested to immediately notify all districts and charter schools of this apportionment by providing them a copy of this letter and of the applicable exhibits.

If you have any questions, please contact the Office of Principal Apportionment and Special Education, at (916) 324-4541.

Sincerely,

A handwritten signature in black ink that reads "Jack O'Connell".

JACK O'CONNELL

JO:cc
Enclosures

Calculations to Determine the 2003-2004 First Principal Apportionment

Core Supplemental Instruction. 2003-2004 P-1 hours for kindergarten and grades 1 to 12 pupil attendance in this program were used. The maximum number of funded hours for local educational agencies was calculated by multiplying 120 hours by five (5) percent of the October 2002 CBEDS grades K-12 enrollment. Due to insufficient funding appropriated for the program in the 2003 Budget Act (Chapter 157, Statutes of 2003), a deficit factor of 0.787302084 was applied to the funding for all local educational agencies.

Low STAR and At-Risk of Retention (Grades 2-6). The maximum number of funded hours for grades 2 through 6 pupils identified as having a deficiency in mathematics, reading, or written expression based on STAR scores or identified as at risk of retention pursuant to *Education Code* Section 48070.5 was calculated by multiplying 120 hours by five (5) percent of the October 2002 CBEDS grades 2-6 enrollment. Due to insufficient funding appropriated for the program in the 2003 Budget Act, a deficit factor of 0.53369336 was applied to the total funding for both programs.

Community Day School. 2003-2004 P-1 ADA for community day schools was used. Schools with newly approved small school waivers will receive the amount for one certificated teacher displayed on the Schedule F funding table for necessary small schools. Due to insufficient funding appropriated for the program in the 2003 Budget Act, a deficit factor of 0.70997587 was applied to the funding for 5th and 6th hours (for pupils other than mandatory expelled), the approved small school waiver funding (for pupils other than mandatory expelled), and the funding for 7th and 8th hours.

Charter School Categorical Block Grant. 2003-2004 P-1 ADA and educationally disadvantaged pupil counts for charter schools were used. Due to insufficient funding appropriated for the program in the 2003 Budget Act, a deficit factor of 0.93728 was applied to the total categorical block grant funding.

PERS Reduction. Assembly Bill 1818 (Chapter 1168, Statutes of 2002) appropriated \$35 million to reduce the PERS offset to revenue limits. As a result, a reduction factor of 21.981152 percent was applied to the PERS adjustment before reducing the adjustment from the revenue limit thereby increasing the total revenue limit for school districts and county offices of education.

Basic Aid Funding. The school district revenue limit calculations reflect the elimination of the \$120 per ADA minimum funding for basic aid districts, pursuant to Assembly Bill (AB) 1754 (Chapter 227, Statutes of 2003).

School District

The average daily attendance (ADA) reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. Revenue limits were increased by the 2003-2004 COLA of 1.86 percent. AB 1754 authorized reductions to the revenue

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limit by 1.198% and 1.826%. As a result, deficit factors of 0.98802 and 0.98174 were applied to the revenue limit funding.

Continuation Schools. The 2002-2003 Annual revenue limit increase was carried forward to 2003-2004. The 2003 Budget Act provided no funding for a COLA increase. Newly approved continuation schools for 2003-2004 were included in the apportionment.

Beginning Teacher Salary.

BTS #1. The 2002-2003 per ADA amount was increased by the 2003-2004 COLA (1.86 percent), and then multiplied by the applicable 2002-2003 P-2 ADA. Pursuant to statute, the same calculation was performed separately for ROC/P ADA. The two totals were combined and added to the district's revenue limit.

BTS #2. Funding for districts that chose option one was computed by multiplying 2003-2004 P-1 ADA by a rate of \$6.47, (prior year rate of \$6.35 plus a 1.86 percent COLA). The initial rate for districts that chose option two was determined by dividing the November 2002 apportionment by the 2001-2002 P-2 ADA. This rate was then increased by the 1.86 percent COLA and multiplied by 2003-2004 P-1 ADA. The same calculations were performed separately for ROC/P ADA. Adult and Block Grant funded charter school ADA were excluded in all calculations.

Apprentice Program. The lesser of the 2003-2004 apprentice hours or the 2003-2004 capped apprentice hours was multiplied by the hourly rate of \$4.86.

County Office of Education

The 2003-2004 P-1 ADA reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. Revenue limits were increased by the 2003-2004 COLA of 1.86 percent. AB 1754 authorized reductions to the revenue limit by 1.195% and 1.826%. As a result, deficit factors of 0.98805 and 0.98174 were applied to the revenue limit funding.

Charter Schools

The 2003-2004 P-1 ADA reported on the *Principal Apportionment Revenue* software was used to calculate this apportionment. In addition, the ADA was adjusted for charter schools that received a determination of funding from the State Board of Education. The apportionment for charter schools was computed using two funding models – the district or county office revenue limit model and the block grant model. Exhibit I provides the computation for a school district in which all schools have been converted to charter schools pursuant to *Education Code* Section 47606 that is funded through the district revenue limit model. There is no special exhibit for charter schools funded through the county office revenue limit; the funding for these charter schools is included in the county office Form O. Exhibits N-1 and N-2 provide the computation for charter schools that are funded through the block grant funding model.

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Funding information for direct funded block grant charter schools is provided on the Exhibit C and a detail funding summary for locally funded block grant charter schools is provided on the Exhibit C-CH. The funding amounts on the Exhibit C-CH are already included with, and not in addition to, the district totals on the Exhibit C.

Exhibit D-CH provides the detail for adjustments to prior years for direct funded block grant charter schools; for locally funded block grant schools, the adjustments are included in the detail of the charter school's sponsoring or authorizing local education agency on Exhibit D. Funding entitlements change, in general, to reflect revised ADA or updated property tax information. Only those charter schools with prior year changes ("corrections") are displayed.

The apportionment also includes funding adjustments to charter schools that have received overpayments of state aid in current and prior years due to one or more changes in the block grant rates, ADA, or local revenue. The overpaid amounts are displayed on the Exhibit C and Exhibit C-CH. The overpayment is a liability owed to the State and, for most charter schools, will be collected through the apportionment process in the 2003-04 fiscal year. In some cases, an invoice will be sent directly to the charter school.

The general purpose (block grant) amounts per ADA are based on statewide average revenue limits for the applicable grade levels. These amounts are calculated at each apportionment, and the 2003-04 First Principal Apportionment amounts are as follows:

Grades K-3	\$4,528	Grades 4-6	\$4,594
Grades 7 & 8	\$4,723	Grades 9-12	\$5,485

The categorical (block grant) amounts per ADA are as follows:

Grades K-3	\$172	Grades 4-6	\$177
Grades 7 & 8	\$129	Grades 9-12	\$164

The funding per identified educationally disadvantaged pupil is \$109 per pupil. The minimum grant amounts are \$4,901 for one to ten eligible pupils and \$7,356 for eleven or more eligible pupils.

Adult Education

The entitlement for adult education was calculated using the lesser of the 2002-2003 Annual reported ADA or the 2003-2004 adult education funded ADA allowed. Assembly Bill (AB) 1266 (Chapter 573, Statutes of 2003) authorized a reduction to the number of funded units of ADA on a pro rata basis, based on the number of ADA funded in the 2002-2003 fiscal year for the program. As a result, the 2003-2004 adult education funded ADA allowed was calculated using the 2002-2003 Annual entitlement adjusted by a factor of 0.99238641 then divided by the 2002-2003 base revenue limit per ADA. The 2003-2004 adult education revenue limit COLA/equalization amount was calculated

pursuant to *Education Code* Section 52616.16. The 2003 Budget Act appropriation for adult education was reduced from 2002-2003. In addition, AB 1754 authorized zero growth and COLA for the program.

ROC/P (Regional Occupational Centers/Programs)

The lesser of the 2002-2003 Annual reported ADA or the 2003-2004 ROC/P ADA cap was multiplied by the 2003-2004 base revenue limit per ADA to establish the base funding. AB 1266 authorized a reduction to the number of funded units of ADA on a pro rata basis, based on the number of ADA funded in the 2002-2003 fiscal year for the program. As a result, the 2003-2004 ROC/P ADA cap was calculated using the 2002-2003 Annual revenue limit adjusted by a factor of 0.992543371 then divided by the 2002-2003 weighted base revenue limit per ADA. The 2003 Budget Act appropriation for ROC/P was reduced from 2002-2003. In addition, AB 1754 authorized zero growth and COLA for the program.

GATE (Gifted and Talented Education)

The per-ADA funding rate for GATE was calculated by dividing the total funds appropriated for GATE in the 2003 Budget Act by the total prior year P-2 ADA for the eligible school districts and county offices that reported participation in GATE in the current year. The actual amount per eligible districts and county offices will be determined by calculations based on ADA. Districts with fewer than 1,500 ADA received the highest of \$2,500, the amount it received in 1998-99, or funding based on the rate described above (as adjusted for prior year COLAs). The 2003 Budget Act provided no COLA funding for the program. In addition, due to insufficient funding appropriated for the program in the 2003 Budget Act, a deficit factor of 0.98193721 was applied to the funding for all local educational agencies.